

MORNING STAR COMMUNITY SERVICES
(UEN: T02SS0153L)
(IPC No. IPC000103)
(Registered in the Republic of Singapore)

AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2011

MORNING STAR COMMUNITY SERVICES
(UEN: T02SS0153L)
(IPC No. IPC000103)

STATEMENT BY BOARD OF MANAGEMENT COMMITTEE MEMBERS

In the opinion of the Board Members,

- i) the accompanying financial statements as set out on pages 4 to 24 are drawn up so as to give a true and fair view of the state of affairs of the Morning Star Community Services ("MSCS") as at 31 January 2011 and of its financial activities, changes in general and specific funds and cash flows of the MSCS for the year ended on that date; and
- ii) at the date of this statement there are reasonable grounds to believe that the MSCS will be able to pay its debts as and when they fall due.

On behalf of the Board,



GERALD TAN
President



ALAN OW
Honorary Treasurer

Singapore, 16 May 2011

MORNING STAR COMMUNITY SERVICES
(UEN: T02SS0153L)
(IPC No. IPC000103)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MORNING STAR COMMUNITY SERVICES

We have audited the accompanying financial statements of the Morning Star Community Services (the "MSCS"), which comprise the statement of financial position as at 31 January 2011, and the statement of financial activities, statement of changes in general and specific funds and statement of cash flows of the MSCS for the year then ended, and a summary of significant accounting policies and other explanatory notes of the MSCS as set out on pages 4 to 24. The financial statements for the year ended 31 January 2010 were audited by another auditor whose report dated 26 March 2010 expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Statement of Recommended Accounting Practice ("RAP 6") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MORNING STAR COMMUNITY SERVICES
(UEN: T02SS0153L)
(IPC No. IPC000103)

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
MORNING STAR COMMUNITY SERVICES**

Opinion

In our opinion,

- a) the financial statements of the MSCS are properly drawn up in accordance with the Statement of Recommended Accounting Practice ("RAP 6") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the MSCS as at 31 January 2011 and of its financial activities, changes in general and specific funds and cash flows of the MSCS for the year ended on that date;
- b) the accounting and other records required by the regulations enacted under Society Act Cap. 311 to be kept by the MSCS have been properly kept in accordance with regulations; and
- c) the use of donation money received is in accordance with MSCS's objectives.

Kreston David Yeung PAC

KRESTON DAVID YEUNG PAC
Public Accountants and
Certified Public Accountants

Singapore, 16 May 2011



MORNING STAR COMMUNITY SERVICES
(UEN: T02SS0153L)
(IPC No. IPC000103)

STATEMENT OF FINANCIAL POSITION
As at 31 January 2011

	Note	2011 S\$	2010 S\$
ASSETS			
Non-current asset			
Plant and equipment	3	<u>33,940</u>	<u>36,842</u>
Current assets			
Accounts receivables	4	29,118	-
Other receivables		15,293	9,628
Deposits and prepayments	5	4,194	2,455
Fixed deposits	6	1,730,000	1,253,563
Cash and bank balances		<u>161,173</u>	<u>262,589</u>
Total current assets		<u>1,939,778</u>	<u>1,528,235</u>
Total assets		<u>1,973,718</u>	<u>1,565,077</u>
FUNDS AND LIABILITIES			
Funds			
Restricted funds			
Hardship fund	7	40,000	50,000
Nova project fund	8	40,000	35,000
Advent fund	9	-	5,700
Play ground equipment fund	10	-	13,886
Building fund	11	-	2,480
South East Community Development Council (CDC) grant	12	5,592	8,388
Training and development fund	13	<u>13,000</u>	<u>13,000</u>
		98,592	128,454
Unrestricted fund		<u>1,668,331</u>	<u>1,274,657</u>
Total funds		<u>1,766,923</u>	<u>1,403,111</u>
Current liabilities			
Accounts payables		15,943	-
Other payables and accruals	14	<u>190,852</u>	<u>161,966</u>
Total current liabilities		<u>206,795</u>	<u>161,966</u>
Total funds and liabilities		<u>1,973,718</u>	<u>1,565,077</u>

The notes set out on pages 8 to 24 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES
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STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 January 2011

	Note	Unrestricted Funds S\$	Restricted Funds S\$	2011 S\$	2010 S\$
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Donations in cash	15	63,015	-	63,015	11,638
Other income	15	13,017	-	13,017	80,108
Grant received	15	683,095	-	683,095	664,483
Activities for generating funds					
Student care services		862,240	-	862,240	865,224
Investment income					
Interest income	15	24,401	-	24,401	2,965
		<u>1,645,768</u>	<u>-</u>	<u>1,645,768</u>	<u>1,624,418</u>
Incoming resources from charitable activities					
NOVA learning support		117,134	-	117,134	119,798
Family wellness programs		144,065	-	144,065	140,095
Social work services		85,513	-	85,513	89,174
		<u>346,712</u>	<u>-</u>	<u>346,712</u>	<u>349,067</u>
Total incoming resources		<u>1,992,480</u>	<u>-</u>	<u>1,992,480</u>	<u>1,973,485</u>
Less: Resources expended					
Cost of generating funds					
Student care services		<u>723,361</u>	<u>-</u>	<u>723,361</u>	<u>654,804</u>
Resources expended on charitable activities					
NOVA learning support		210,139	-	210,139	178,894
Family wellness programs		293,571	-	293,571	251,224
Social work services		252,843	-	252,843	232,147
		<u>756,553</u>	<u>-</u>	<u>756,553</u>	<u>662,265</u>
Governance costs		<u>99,590</u>	<u>-</u>	<u>99,590</u>	<u>72,180</u>
Total resources expended		<u>1,579,504</u>	<u>-</u>	<u>1,579,504</u>	<u>1,389,249</u>
Net movement in funds	16	412,976	-	412,976	584,236
Fund balances at beginning of the year		1,274,658	128,453	1,403,111	874,431
Net movement in specific funds		<u>(19,303)</u>	<u>(29,861)</u>	<u>(49,164)</u>	<u>(55,556)</u>
Fund balances at end of the year		<u>1,668,331</u>	<u>98,592</u>	<u>1,766,923</u>	<u>1,403,111</u>

The notes set out on pages 8 to 24 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES
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STATEMENT OF CHANGES IN GENERAL AND SPECIFIC FUNDS
For the financial year ended 31 January 2011

	Accumulated Fund S\$	Hardship Fund S\$	Nova Project Fund S\$	Advent Fund S\$	Play Ground Equipment Fund S\$	Building Fund S\$	South East CDC Grant S\$	Training and Development Fund S\$	Total Funds S\$
Balance as at 01.02.2009	641,540	50,000	50,000	30,650	30,554	47,503	11,184	13,000	874,431
Net surplus for the year	584,236	-	-	-	-	-	-	-	584,236
- Unrestricted funds	-	(10,670)	(19,463)	(24,950)	-	-	-	(473)	(55,556)
- Restricted funds	48,881	10,670	4,463	-	(16,668)	(45,023)	(2,796)	473	-
Funds transfer for the year	1,274,657	50,000	35,000	5,700	13,886	2,480	8,388	13,000	1,403,111
Balance as at 31.01.2010/01.02.2010	412,976	-	-	-	-	-	-	-	412,976
Net surplus for the year	-	(18,489)	(14,125)	(16,550)	-	-	-	-	(49,164)
- Unrestricted funds	(19,302)	8,489	19,125	10,850	(13,886)	(2,480)	(2,796)	-	-
- Restricted funds	1,668,331	40,000	40,000	-	-	-	5,592	13,000	1,766,923
Funds transfer for the year									
Balance as at 31.01.2011									

The notes set out on pages 8 to 24 form an integral part of and should be read in conjunction with this set of financial statement

MORNING STAR COMMUNITY SERVICES
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STATEMENT OF CASH FLOWS
For the financial year ended 31 January 2011

	Note	2011 S\$	2010 S\$
Cash flows from operating activities			
Net surplus for the year		412,976	584,236
Adjustments for: -			
Depreciation of plant and equipment		29,292	84,666
Interest income		<u>(24,401)</u>	<u>(2,965)</u>
Operating surplus before working capital changes		417,867	665,937
Changes in working capital: -			
(Increase)/decrease in accounts and other receivables		(26,240)	6,367
Increase/(decrease) in accounts and other payables		<u>44,829</u>	<u>(5,221)</u>
Cash generated from operations		436,456	667,083
Other specific funds		<u>(49,164)</u>	<u>(55,556)</u>
Net cash generated from operating activities		<u>387,292</u>	<u>611,527</u>
Cash flows from investing activities			
Purchase of plant and equipment		(26,390)	(4,888)
Interest received		14,119	2,965
Increase in fixed deposits (restricted)		<u>-</u>	<u>(200,000)</u>
Net cash used in investing activities		<u>(12,271)</u>	<u>(201,923)</u>
Net increase in cash and cash equivalents		375,021	409,604
Cash and cash equivalents at the beginning of the year		<u>1,066,152</u>	<u>656,548</u>
Cash and cash equivalents at the end of the year		<u>1,441,173</u>	<u>1,066,152</u>
Cash and cash equivalents comprise: -			
Fixed deposits	6	1,280,000	803,563
Cash and bank balances		<u>161,173</u>	<u>262,589</u>
		<u>1,441,173</u>	<u>1,066,152</u>

The notes set out on pages 8 to 24 form an integral part of and should be read in conjunction with this set of financial statement

MORNING STAR COMMUNITY SERVICES
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NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Morning Star Community Services (the “MSCS”) is registered in the Republic of Singapore under the Societies Act and the Charities Act. The principal activities of the MSCS are to provide student care services as well as facilities and activities and to improve and strengthen family life in Singapore.

The registered office of the MSCS is located at 4 Lorong Low Koon, Singapore 536450. The MSCS is domiciled in Singapore.

Under the MSCS, there 3 other locations (2010:3) to perform student care services, namely:-

- a. Primavera Centre located at Blk 95 #01-1415 Bedok North Ave 4 Singapore 460095;
- b. Sengkang Centre located at Blk 261B, Sengkang East Way, #01-400, Singapore 542261; and
- c. St Gabriel’s Primary School located at 220 Lorong Chuan, Singapore 556742.

The financial statements of the MSCS for the year ended 31 January 2011 are authorised for issue in accordance with a resolution of the Board Members on 16 May 2011.

The financial statements of the MSCS are expressed in Singapore Dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the MSCS have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Statement of Recommended Accounting Practice (“RAP 6”) and Singapore Financial Reporting Standards (“FRS”).

In the current financial year, the MSCS has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 February, 2010. The adoptions of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical assumptions used and accounting estimates in applying accounting policies

Depreciation of plant and equipment

Plant and equipment are depreciated on straight-line basis over their estimated useful lives. The Board Members estimated the useful lives of these plant and equipment to be within 1 to 10 years. The carrying amount of the MSCS's plant and equipment at 31 January 2011 was S\$33,940. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Critical judgements made in applying accounting policies

In the process of applying the MSCS's accounting policies, the Board Members had made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Impairment of plant and equipment

The MSCS assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Useful lives of plant and equipment

As described in Note 2(c), the MSCS reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the Board Members' estimation of the periods that the MSCS intends to derive future economic benefits from the use of the MSCS's plant and equipment.

The carrying amount of plant and equipment at the end of reporting period are disclosed in Note 3 to the financial statements.

c) Plant and Equipment and Depreciation

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the MSCS and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment and Depreciation (Continued)

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated on a straight-line method so as to write off the costs over the estimated useful lives of the plant and equipment as follows: -

Furniture & fittings	1 to 3 years
Office equipment	1 to 2 years
Motor vehicle	4 to 10 years
Renovation	5 years

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

d) Financial Assets

i) *Classification*

The MSCS classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the MSCS provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables consist of accounts and other receivables and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Assets (Continued)

ii) *Measurement*

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method less impairment.

iii) *Recognition and derecognition*

All financial assets are recognised on their trade-date-the date on which the MSCS commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the MSCS has transferred substantially all risks and rewards of ownership.

iv) *Impairment*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of financial activities.

The allowance for impairment loss account is reduced through statement of financial activities in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

e) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, cash at bank and fixed deposits which form part of the MSCS's cash management that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial Liabilities

Financial liabilities include accounts and other payables. Financial liabilities are recognised on the statement of financial position when, and only when, the MSCS becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in the statement of financial activities when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of financial activities. Net gains or losses in derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of financial activities.

g) Impairment of Non-Financial Assets

The MSCS assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the MSCS makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risks specific to the asset. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of financial activities as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of Non-Financial Assets (Continued)

An assessment is made at end of each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss recognised for the asset in prior years. Reversal of an impairment loss is recognised in the statement of financial activities unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the statement of financial activities is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful lives.

h) Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the MSCS and the revenue can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Donations are recognised as and when received.

Services income is recognised when services are rendered.

Interest income is recognised using the effective interest method.

i) Government Grants

A government grant is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and the grant will be received.

Asset-related grants are deducted from the cost of acquisition of the asset to arrive at the carrying amount which is then depreciated in accordance with the accounting policy on plant and equipment and depreciation.

j) Key Management Personnel

Key management personnel of the MSCS are those having authority and responsibility for planning, directing and controlling the activities of the MSCS. The Board Members are considered as key management personnel.

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Employee Benefits

Defined Contribution Plans

As required by law, the MSCS makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee Leave Entitlement

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

l) Provisions

Provisions are recognised when the MSCS has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of the each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of financial activities on a straight-line basis over the lease term.

n) Contingent Liabilities and Assets

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the MSCS.

Contingent liabilities and assets are not recognised on the statement of financial position of the MSCS.

MORNING STAR COMMUNITY SERVICES
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NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Functional and Presentation Currency

Items included in the financial statements of the MSCS are measured using the currency of the primary economic environment in which the MSCS operates (“functional currency”). The financial statements of the company are presented in Singapore dollar, which is the MSCS’s functional currency.

p) Specific Fund

Donations received from specific purposes are taken up in specific funds and transferred to the statement of financial activities when relevant expenditure is incurred.

3. PLANT AND EQUIPMENT

	Furniture & fittings S\$	Office Equipment S\$	Motor vehicle S\$	Renovation S\$	Total S\$
Cost					
As at 01.02.2009	144,122	26,600	29,397	253,267	453,386
Addition	4,888	-	-	-	4,888
As at 31.01.2010/01.02.2010	149,010	26,600	29,397	253,267	458,274
Additions	4,019	2,458	-	19,913	26,390
As at 31.01.2011	153,029	29,058	29,397	273,180	484,664
Accumulated Depreciation					
As at 01.02.2009	98,953	25,874	24,003	187,936	336,766
Charge for the year	32,532	726	744	50,664	84,666
As at 31.01.2009/01.02.2010	131,485	26,600	24,747	238,600	421,432
Charge for the year	20,494	102	744	7,952	29,292
As at 31.01.2011	151,979	26,702	25,491	246,552	450,724
Net Book Value					
As at 31.01.2011	1,050	2,356	3,906	26,628	33,940
As at 31.01.2010	17,525	-	4,650	14,667	36,842

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NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

4. ACCOUNTS RECEIVABLES

Trade receivables which are past due at the end of reporting period but not impaired amounted to S\$29,118 (2010: S\$NIL). The table below is an aging analysis of trade receivables at the end of the period:-

	2011 S\$	2010 S\$
1 - 30 days' past due	13,425	-
31 - 60 days' past due	762	-
61 - 90 days' past due	10,035	-
> 90 days' past due	4,896	-
	<u>29,118</u>	<u>-</u>

5. DEPOSITS AND PREPAYMENTS

Deposits	2,455	2,455
Prepayments	1,739	-
	<u>4,194</u>	<u>2,455</u>

6. FIXED DEPOSITS

Fixed deposits mature within 3 months	1,280,000	803,563
Fixed deposits mature more than 3 months	450,000	450,000
	<u>1,730,000</u>	<u>1,253,563</u>

Fixed deposits earned interest at 0.45% to 1.00% (2010: 0.45% to 1.18%) per annum.

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7. HARDSHIP FUND

The fund is set up for the purpose of providing financial assistance to families whose children are attending the centres' student care services and fee subsidy for family enhancement programmes.

	2011 S\$	2010 S\$
Balance at beginning of year	50,000	50,000
Add: Donation received from:-		
St Vincent De Paul Society	-	6,300
Caritas Singapore Community Council (CSCC)		
Grant transferred	<u>8,489</u>	<u>4,370</u>
	58,489	60,670
Less: Disbursement during the year	<u>(18,489)</u>	<u>(10,670)</u>
Balance at end of year	<u>40,000</u>	<u>50,000</u>

8. NOVA PROJECT FUND

The fund is set up for the purpose of financing Mission Nova – the learning support programme for children with learning difficulties.

	2011 S\$	2010 S\$
Balance at beginning of year	35,000	50,000
Add: CSCC Grant transferred	<u>19,125</u>	<u>4,463</u>
	54,125	54,463
Less: Disbursement during the year	<u>(14,125)</u>	<u>(19,463)</u>
Balance at end of year	<u>40,000</u>	<u>35,000</u>

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9. ADVENT FUND

The Advent Fund is set up for the purpose of providing financial aid to the cases we serve under our Case Management Services (CMS).

	2011 S\$	2010 S\$
Balance at beginning of year	5,700	30,650
Add: CSCC Grant transferred	10,850	-
	<u>16,550</u>	<u>30,650</u>
Less: Disbursement during the year	<u>(16,550)</u>	<u>(24,950)</u>
Balance at end of year	<u>-</u>	<u>5,700</u>

10. PLAY GROUND EQUIPMENT FUND

The Play Ground Equipment Fund is a one-off grant received from Lee Foundation for the capital expenditure of the playground equipment installed at our Hougang Centre. The fund will be allocated to income over the lives of the asset which is 3 years commencing from 1 December 2007.

	2011 S\$	2010 S\$
Balance at beginning of year	13,886	30,554
Fund released to statement of financial activities during the year	<u>(13,886)</u>	<u>(16,668)</u>
Balance at end of year	<u>-</u>	<u>13,886</u>

11. BUILDING FUND

The fund includes government subsidies received from Community Development Council for capital expenditure of Sengkang Centre. The fund will be allocated to income over the lives of the assets which is 5 years commencing from 1 February 2005.

	2011 S\$	2010 S\$
Balance at beginning of the year	2,480	47,503
Fund released to statement of financial activities during the year	<u>(2,480)</u>	<u>(45,023)</u>
Balance at end of the year	<u>-</u>	<u>2,480</u>

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12. SOUTH EAST CDC GRANT

The South East CDC Grant is for the purpose of capital expenditure of student care centre at St. Gabriel's Primary School. The fund will be allocated to building fund over 5 years commencing from 1 February 2008.

	2011 S\$	2010 S\$
Balance at beginning of year	8,388	11,184
Fund released to statement of financial activities during the year	<u>(2,796)</u>	<u>(2,796)</u>
Balance at end of year	<u>5,592</u>	<u>8,388</u>

13. TRAINING AND DEVELOPMENT FUND

The fund is set up for the purpose of financing the sponsorship of approved courses for staff.

	2011 S\$	2010 S\$
Balance at beginning of year	13,000	13,000
Add: CSCC Grant transferred	<u>-</u>	<u>473</u>
	13,000	13,473
Less: Disbursement during the year (course fee)	<u>-</u>	<u>(473)</u>
Balance at end of year	<u>13,000</u>	<u>13,000</u>

14. OTHER PAYABLES AND ACCRUALS

Other payables	106,535	108,215
Accruals	<u>84,317</u>	<u>53,751</u>
	<u>190,852</u>	<u>161,966</u>
Other payables consist of:-		
Assistance funds	700	5,186
Refundable CDC subsidy	32,160	17,277
Refundable deposits	67,084	80,922
Payment received in advance	<u>6,591</u>	<u>4,830</u>
	<u>106,535</u>	<u>108,215</u>

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15. INCOMING RESOURCES

	2011	2010
	S\$	S\$
Voluntary income comprises:-		
Donations in cash		
-Tax-deductible donations	51,550	11,470
-Non-tax deductible donations	11,465	168
	<u>63,015</u>	<u>11,638</u>
Other income - Jobs credit	13,017	80,108
Grant received		-
-CSCC grant	675,626	658,183
-Singapore Telecom Sponsorship Scheme (STSS) Subsidy	420	-
-VWOs - Charities Capability Fund grants	7,049	-
-St Vincent De Paul Society	-	6,300
	<u>24,401</u>	<u>2,965</u>
Investment income comprises:-		
Fixed deposit interest	24,401	2,965

16. NET MOVEMENT IN FUNDS

Net movement in funds for the year is arrived at after charging: -

Depreciation of plant and equipment	29,292	84,666
Bad debt written-off	1,289	-
Publicity and publication	92,059	-
Rental	73,642	43,854
Staff costs consist of:-		
- CPF contribution	124,652	93,750
- Staff salaries and other costs	1,028,065	913,804

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17. CSCC GRANT

The fund is set up for the purpose of funding the programmes of the centre and as subsidy to the poor and needy. The fund can be used for expenditure on manpower and other operating expenditure for purpose of these programmes.

	2011 S\$	2010 S\$
Balance at beginning of year	-	-
Add: Grant received	<u>675,626</u>	<u>658,183</u>
	<u>675,626</u>	<u>658,183</u>
Less: Allocation of funds to:-		
Advent fund	10,850	-
Training & development fund	-	473
Hardship fund	8,489	4,370
Nova project fund	19,125	4,463
Transferred to statement of financial activities	<u>637,162</u>	<u>648,877</u>
	<u>(675,626)</u>	<u>(658,183)</u>
	<u>-</u>	<u>-</u>

18. TAXATION

The MSCS has been registered as a charity under the Charities Act and is exempted from income tax for the financial year under the provisions of the Income Tax Act Cap. 134.

19. ANNUAL REMUNERATION

The top 3 (2010: 3) highest paid staff with salary including remuneration is as follows:-

	<u>No. of staff</u>	
	2011	2010
Between S\$50,000 and S\$100,000	<u>3</u>	<u>3</u>

None of the board members received any emoluments in respect of their services as board members of the MSCS for both of the financial years.

None of the staff received annual remuneration exceeding S\$100,000 for both of the financial years.

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20. RESERVE POLICY

	2011 S\$	2010 S\$	% Increase/ (Decrease)
Unrestricted Funds (*Reserves)			
- Accumulated funds	<u>1,668,331</u>	<u>1,274,657</u>	31
Restricted Funds			
Hardship fund	40,000	50,000	(20)
Nova project fund	40,000	35,000	14
Advent fund	-	5,700	(100)
Playground equipment fund	-	13,886	(100)
Building fund	-	2,480	(100)
South East CDC Grant	5,592	8,388	(33)
Trading & development fund	<u>13,000</u>	<u>13,000</u>	-
Total restricted funds	<u>98,592</u>	<u>128,454</u>	
Total funds	<u>1,766,923</u>	<u>1,403,111</u>	
Ratio of *reserves to annual operating expenditure (year)	<u>1.05: 1</u>	<u>0.92 : 1</u>	

The reserves have been set aside by the Board Members to provide financial stability and the means for the development of its principal activities. These reserves will be critical when donations dry up or the economy is at a downturn.

The Board Members regularly review the amounts of reserves that are required to ensure that they are able to fulfill the continuing obligations.

21. COMMITMENTS

Space rental charged in the statement of financial activities was S\$73,642 (2010: S\$43,854). None of the leases included contingent rental. Future minimum rentals under non-cancellable lease are as follows as the end of reporting period: -

	2011 S\$	2010 S\$
Within one year	1,998	1,998
After 1 year but within 5 years	<u>333</u>	<u>2,331</u>
	<u>2,331</u>	<u>4,329</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 JANUARY 2011

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The MSCS does not use derivative and other instrument in its risk management activities. The main risks arising from the MSCS's financial instrument are credit risk, foreign currency risk, liquidity risk and interest risk. The Board Members review and agree with the policies and control procedures to manage its exposure to financial risks.

Credit Risk

The MSCS has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum to exposure risk is represented by the carrying amount of each financial assets in the statement of financial position.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy debtors. Cash and cash equivalents that are neither past due nor impaired are placed with financial institution with high rating.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 4 to the financial statements.

Interest Rate Risk

The MSCS's exposure to market risk for changes in interest rates relates primarily to its holding of fixed deposits as disclosed in Note 6. The MSCS's practice is to obtain favourable interest rates that are available to place its fixed deposits.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD fixed deposit interest rates had been 60 (2010: 60) basis points higher/lower with all other variables held constant, the MSCS's net surplus would have been S\$10,380 (2010: S\$7,521,) higher/lower.

Liquidity Risk

The MSCS monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the MSCS's operations and mitigate the effects of fluctuation in cash flows.

Foreign Currency Risk

The MSCS is not exposed to foreign currency risk as all its transactions are denominated in Singapore dollar.

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23. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	2011	2010
	S\$	S\$
Assets		
<u>Financial assets</u>		
Loan and receivables:-		
Accounts receivables	29,118	-
Other receivables	15,293	9,628
Deposits	2,455	2,455
Fixed deposits	1,730,000	1,253,563
Cash and cash equivalents	161,173	262,589
	<u>1,938,039</u>	<u>1,528,235</u>
Total financial assets		
Liabilities		
<u>Financial liabilities</u>		
At amortised cost:-		
Accounts payables	15,943	-
Other payables and accruals	190,852	161,966
	<u>206,795</u>	<u>161,966</u>
Total financial liabilities		

24. FAIR VALUES

The carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

25. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 February 2011. The MSCS does not expect that adoption of these accounting standards or interpretations will have a material impact on the MSCS's financial statements.